

EDMONDS CITY COUNCIL APPROVED MINUTES

July 17, 2012

The Edmonds City Council meeting was called to order at 6:30 p.m. by Mayor Earling in the Council Chambers, 250 5th Avenue North, Edmonds.

ELECTED OFFICIALS PRESENT

Dave Earling, Mayor
Strom Peterson, Council President
Frank Yamamoto, Councilmember
Joan Bloom, Councilmember
Kristiana Johnson, Councilmember
Lora Petso, Councilmember
Adrienne Fraley-Monillas, Councilmember
Diane Buckshnis, Councilmember

STAFF PRESENT

Al Compaan, Police Chief
Jim Lawless, Assistant Police Chief
Stephen Clifton, Community Services/Economic Development Director
Phil Williams, Public Works Director
Shawn Hunstock, Finance Director
Carrie Hite, Parks & Recreation Director
Rob Chave, Development Services Director
Jerry Shuster, Stormwater Eng. Program Mgr.
Frances Chapin, Cultural Services Manager
Rob English, City Engineer
Debra Sharp, Accountant
Michael Clugston, Planner
Sharon Cates, City Attorney
Sandy Chase, City Clerk
Jana Spellman, Senior Executive Council Asst.
Jeannie Dines, Recorder

1. CONVENE IN EXECUTIVE SESSION REGARDING LABOR NEGOTIATIONS PER RCW 42.30.140(4)(b).

At 6:30 p.m., Mayor Earling announced that the City Council would meet in executive session regarding labor negotiations per RCW 42.30.140(4)(b). He stated that the executive session was scheduled to last approximately 15 minutes and would be held in the Jury Meeting Room, located in the Public Safety Complex. No action was anticipated to occur as a result of meeting in executive session. Elected officials present at the executive session were: Mayor Earling, and Councilmembers Yamamoto, Johnson, Fraley-Monillas, Buckshnis, Peterson, Petso and Bloom. Others present were City Attorney Sharon Cates, Parks & Recreation Director Carrie Hite, Police Chief Al Compaan, and City Clerk Sandy Chase. The executive session concluded at 6:44 p.m.

Mayor Earling reconvened the regular City Council meeting at 6:45 p.m. He stated that the City Council will next meet with candidates for appointment to the Sister City Commission and Historic Preservation Commission in the Jury Meeting Room. The meeting is open to the public.

2. MEET WITH CANDIDATES FOR APPOINTMENT TO THE SISTER CITY COMMISSION AND HISTORIC PRESERVATION COMMISSION

At 6:45 p.m., the Council met with Jill Van Berkomp, a candidate for the Sister City Commission, and Emily Rose Scott, a candidate for the Historic Preservation Commission.

Mayor Earling reconvened the City Council meeting in the Council Chambers at 7:02 p.m.

3. APPROVAL OF AGENDA

COUNCIL PRESIDENT PETERSON MOVED, SECONDED BY COUNCILMEMBER YAMAMOTO, TO APPROVE THE AGENDA IN CONTENT AND ORDER. MOTION CARRIED UNANIMOUSLY.

4. APPROVAL OF CONSENT AGENDA ITEMS

Councilmember Johnson asked that Item B, Approval of City Council Meeting Minutes of June 26, 2012, be removed from the Consent Agenda.

COUNCILMEMBER PETSO MOVED, SECONDED BY COUNCILMEMBER BUCKSHNIS, TO APPROVE THE REMAINDER OF THE CONSENT AGENDA. MOTION CARRIED UNANIMOUSLY. The agenda items approved are as follows:

- A. ROLL CALL**
- C. APPROVAL OF CLAIM CHECKS #132842 THROUGH #132973 DATED JUNE 28, 2012 FOR \$1,948,476.05, AND CLAIM CHECKS #132974 THROUGH #133203 DATED JULY 12, 2012 FOR \$588,797.37. APPROVAL OF PAYROLL DIRECT DEPOSIT & CHECKS #51451 THROUGH #51485 FOR \$522,892.24, BENEFIT CHECKS #51486 THROUGH #51498 AND WIRE PAYMENTS FOR \$226,180.98 FOR THE PERIOD JUNE 16, 2012 THROUGH JUNE 30, 2012.**
- D. ACKNOWLEDGE RECEIPT OF A CLAIM FOR DAMAGES FROM GAYLE D. HANKS (AMOUNT UNDETERMINED).**
- E. APPROVAL OF LIST OF BUSINESSES APPLYING FOR RENEWAL OF THEIR LIQUOR LICENSE WITH THE WASHINGTON STATE LIQUOR CONTROL BOARD, JUNE 2012.**
- F. PARK IMPACT FEE STUDY.**
- G. QUARTERLY REPORT REGARDING FIBER OPTIC OPPORTUNITIES**
- H. UTILITY PENALTY WAIVER POLICY.**
- I. MAY 2012 MONTHLY FINANCIAL REPORT.**
- J. QUARTERLY PUBLIC WORKS PROJECT REPORT.**
- K. AUTHORIZATION FOR MAYOR TO APPROVE ACCEPTANCE AND RECORDING OF PUBLIC PEDESTRIAN ACCESS EASEMENT AND PUBLIC WATER UTILITY EASEMENT.**
- L. AUTHORIZATION FOR MAYOR TO SIGN SUPPLEMENTAL AGREEMENT #3 WITH DAVID EVANS & ASSOCIATES FOR UTILITY WORK ON THE FIVE CORNERS ROUNDABOUT PROJECT.**
- M. AUTHORIZATION FOR THE MAYOR TO SIGN A PROFESSIONAL SERVICES AGREEMENT WITH SUMMIT LAW GROUP TO PROVIDE LEGAL SERVICES WITH RESPECT TO A FORTHCOMING MEDIATION BETWEEN THE CITY AND THE EDMONDS POLICE OFFICERS ASSOCIATION.**

- N. **ORDINANCE NO. 3890 – ADDING A NEW CHAPTER TO THE EDMONDS CITY CODE RELATING TO STUDENT REPRESENTATIVES ON THE CITY'S BOARDS AND COMMISSIONS.**
- O. **CONFIRMATION OF THE MAYOR'S APPOINTMENT OF JILL VAN BERKOM TO THE EDMONDS SISTER CITY COMMISSION AND EMILY ROSE SCOTT TO THE HISTORIC PRESERVATION COMMISSION.**

ITEM B: APPROVAL OF CITY COUNCIL MEETING MINUTES OF JUNE 26, 2012.

Councilmember Johnson referred to the second sentence on page 7, questioning the sentence, “She looked forward to compiling all the information for the Council’s consideration in making a decision on this project.” She did not recall saying that she would compile the information. The Council agreed to have City Clerk Sandy Chase listen to the audio recording of the meeting to determine the accuracy of the statement in the minutes and schedule approval of the minutes on the July 24 Consent Agenda.

COUNCILMEMBER FRALEY-MONILLAS MOVED, SECONDED BY COUNCIL PRESIDENT PETERSON, TO TABLE ITEM B. MOTION CARRIED UNANIMOUSLY.

5. COMMUNITY SERVICE ANNOUNCEMENT - EDMONDS CEMETERY BOARD ANNUAL WALK BACK IN TIME.

Dale Hoggins, Edmonds Cemetery Board Member, invited the public to the Edmonds Memorial Cemetery and Columbarium for a Walk Back In Time, a guided tour of the Edmonds Memorial Cemetery, on Thursday, July 19. Tour guides dressed in period costumes will ask visitors to pretend they are listening to a voice from the past as they relate the early history. Actor John Hartquist will play the part of George Brackett, Edmonds founder and first mayor.

Mr. Hoggins explained the Edmonds Memorial Cemetery and Columbarium is an active cemetery; sites are available and burials are not restricted to Edmonds residents. Prices are based on lot size, site location and services rendered. Further information is available by contacting the Cemetery Sexton Cliff Edwards or the City’s website.

The Edmonds Cemetery Board is seeking two board members. He invited anyone interest in serving to contact the Mayor’s office, Parks & Recreation Director Carrie Hite, or Cemetery Board Chair Melissa Johnson.

6. PROCLAMATION IN HONOR OF JAN STEVES' PARTICIPATION AND COMPLETION OF THE 2012 IDITAROD TRAIL SLED DOG RACE.

Mayor Earling read a proclamation in honor of Jan Steves’ participation and completion of the 2012 Iditarod Trail Sled Dog Race and urged all citizens of Edmonds to join him in congratulating her on this very impressive accomplishment and to thank her for representing Edmonds with courage, grace and fortitude. He presented the proclamation to Ms. Steves.

Ms. Steves thanked the Council for the proclamation, commenting it was an incredible opportunity to represent Washington State. It had been her dream to be the first woman from Washington State; but a 27-year old woman from Port Townsend did it first. Ms. Steves introduced Tok, her lead dog in every race in Alaska.

7. PROCLAMATION IN RECOGNITION OF PARKS & RECREATION MONTH

Mayor Earling read a proclamation declaring July 2012 as Recreation and Parks Month in Edmonds and presented the proclamation to Parks and Recreation Director Carrie Hite.

Ms. Hite thanked the community for their support of parks and recreation, from the off-leash area, to the flower basket program, the Frances Anderson Center, the Cemetery Board, and the Sister City

Commission. A calendar of events during July is available on the City's website. She encouraged everyone to enjoy the programs.

8. SWEARING IN CEREMONY - CORPORAL SHANE HAWLEY.

Police Chief Al Compaan commented an oath is an important public recognition of personal achievement and a personal pledge to the highest legal, ethical and professional standards critical to the law enforcement mission. Chief Compaan described Corporal Hawley's background: he began his career as a police explorer, was hired as a reserve officer in 1999 and a full-time officer in 2001. He has degrees in criminal justice and law enforcement administration from Shoreline Community College and City University. He spent seven years as a canine handler with his partner Rocky and in 2011 received a meritorious service citation for his partnership with Rocky that included 102 apprehensions and the location of countless pieces of evidence.

During the last year, Corporal Hawley has been working as fraud detective. He has been honored with several letters of commendation and was the 2008 Chief Stern Memorial Officer of the Year. He is committed to the training and well-being of the department's officers. He has mentored and trained new canine teams, is presently working on implementation of a peer support program, has been a field training officer for new officers, and last year rewrote the departments' field training officer manual.

Chief Compaan relayed an email he received today from the department's new fraud detective thanking Corporal Hawley for taking the time to ensure the new detective had a firm orientation and the necessary tools to start a new assignment. Chief Compaan introduced Corporal Hawley's family, his wife Shelly and children Alison, Colt and Megan, his father Alvin, his in-laws Barb and Jack Bloomfield, and nephew Douglas.

Chief Compaan administered the oath of office to Corporal Hawley. Corporal Hawley's wife pinned his badge. Chief Compaan presented Corporal Hawley with a framed Certificate of Promotion.

Corporal Hawley thanked his wife and his family for their support. He also thanked the members of the department for their support.

9. PUBLIC HEARING REGARDING CLARIFYING EXISTING CODE LANGUAGE AND ADDING A NEW CHAPTER TO THE EDMONDS COMMUNITY DEVELOPMENT CODE, CHAPTER 20.23 - BED & BREAKFASTS (FILE NO. AMD20120001).

Planner Michael Clugston explained several months ago a citizen asked how to permit a bed and breakfast (B&B) in the City. Upon researching the code, he found the applicable regulations were not easy to find, understand or apply. The Parks, Planning and Public Works Committee asked the Planning Board and staff to clarify the code. The Planning Board held two work sessions and a public hearing and developed the proposed draft code included in Exhibit 6.

Mr. Clugston explained the intent was to streamline and clarify the existing regulations to make them easier to use and administer and hopefully create additional options for tourist lodging. Mr. Clugston reviewed Exhibit 6, draft language for code section 20.23, Bed and Breakfasts:

20.23.000 Purpose and intent Purpose

20.23.010 Business license required

20.23.020 The use, by zone

A. Residential zones.

1. B&Bs with two rental bedrooms or less are a permitted secondary use.

2. B&Bs with three or more rental bedrooms are a secondary use which require a Type II conditional use permit (CUP).
- B. In business and commercial zones, B&Bs containing any number of rooms are a permitted primary use as long as all of the development standards in ECDC 20.23.030 are met.

20.23.030 Development standards

The following standards apply to all bed and breakfast establishments:

- A. Bed and breakfasts must meet all applicable health, fire and building codes.
- B. Bed and breakfasts may only be located in detached single-family homes.
- C. ~~The operator of the bed and breakfast must own and maintain full-time residence in the home.~~ The operator of the bed and breakfast may maintain full-time residence in the home.
- D. ~~Nonresident employees cannot work at a bed and breakfast.~~ A bed and breakfast may employ non-resident employees.
- E. In all zones except BD, one parking space must be provided for each rental room. Where legal on-street parking is available adjacent to the site, those space(s) may be counted toward the total number of spaces required. Where legal on-street parking is not available adjacent to the site or the number of on-street spaces is insufficient to meet the parking requirement, one off-street parking space must be provided for each rental room in addition to the parking required in ECDC 17.50.020.A.1.a. In the BD zones, no additional off-street parking is required for a bed and breakfast.
- F. Kitchens are not allowed in individual guest rooms.
- G. Breakfast is the only meal that may be served to paying B&B guests.
- H. Signage is regulated in ECDC 20.60.
- I. Guests cannot stay at a bed and breakfast for more than 30 consecutive calendar days.
- J. Weddings, conferences, and similar large group gatherings are not permitted at a bed and breakfast.

Mr. Clugston referred to development standard C, explaining a number of other cities' regulations such as Mercer Island, Bellingham, and Bainbridge Island required the owner of the B&B to maintain full-time residence in the home. The Planning Board wanted the Council to consider a situation where the owner of a B&B hired an operator to run the facility. He referred to development standard D, explaining the initial proposal was not to allow non-resident employees work at the B&B similar to home occupations; the Planning Board preferred to allow non-resident employees such as persons who would cook, clean, do landscaping, etc.

Councilmember Petso asked how many non-resident employees a home occupation was allowed to have. Mr. Clugston answered the default for a home occupation is no off-site employees; with a Type II CUP a home occupation can have one off-site employee.

Councilmember Petso asked how much parking was required on a home occupation site. Mr. Clugston was not certain but assumed two were required in a residential zone plus one for employees or visitors. He believed the parking regulations were contained in Section 17.60.

Councilmember Buckshnis referred to the transient accommodation license 212-52 WAC that is referenced in Mukilteo and Friday Harbor's regulations. Mr. Clugston explained one of the proposed amendments was to delete section 4.72.023 regarding registration of transient accommodations and to add transient accommodations to the definition chapter of the Edmonds Community Development Code.

Councilmember Buckshnis referred to development regulation C which states the operator of the bed and breakfast may maintain full-time residence in the home. She asked what would happen if an emergency occurred and no one was on site. Mr. Clugston answered the intent was to have the operator be on site. He acknowledged other municipalities required the owner to maintain full-time residence in the home.

Councilmember Buckshnis suggested changing the proposed language to require a responsible party live on site. Mr. Clugston responded the Planning Board wanted the Council to consider both options, an owner or an operator.

Councilmember Fraley-Monillas commented someone responsible should be on site but did not want to require the owner to be on site at all times. She asked how many B&Bs were in the City now. Mr. Clugston answered there currently was one registered B&B; the Fire Marshal indicated there were 8 in 1995. He was uncertain why the number decreased, whether it was because people sold their homes or the difficulty permitting a B&B.

Councilmember Bloom inquired about the number of non-resident employees a B&B could have compared to a home occupation. Mr. Clugston answered with a CUP a home occupation could have one additional employee. The initial proposal considered by the Planning Board was that non-resident employees would not be permitted. The Planning Board wanted to open discussion with regard to employees and offered the language, "A bed and breakfast may employ non-resident employees." He commented if the owner was required to maintain full-time residence, development standard D may not be necessary as the owner could utilize contract employees to cook, clean, etc.

Councilmember Fraley-Monillas referred to development standard D, A bed and breakfast may employ non-resident employees, which would allow a B&B in a residential neighborhood to have multiple employees. She compared this to home occupations which are allowed only one employee with a CUP. She next referred to development standard G, Breakfast is the only meal that may be served to paying B&B guests, noting she has stayed at B&Bs where breakfast and dinner are served. She asked why the City wanted to limit meals to only breakfast. She preferred to eliminate development standard G. Mr. Clugston answered B&Bs traditionally serve breakfast; the more important part of that development standard is "served to paying B&B guests" to prevent a commercial restaurant. Councilmember Fraley-Monillas suggested revising G to read, "meals may only be served to paying B&B guests."

Council President Peterson suggested referencing language in the home occupation code regarding employee parking.

Councilmember Yamamoto referred to development condition J, Weddings, conferences, and similar large group gatherings are not permitted at a bed and breakfast, commenting a couple may want to get married at a B&B. Mr. Clugston agreed that would be difficult to police but the intent was to prevent large groups from attending a wedding or other event at a B&B in a residential area.

Mayor Earling opened the public participation portion of the public hearing.

Alvin Rutledge, Edmonds, commented bed and breakfasts on Vashon Island outnumber hotels/motels. He suggested regulations regarding catering be referenced. He reported there has been a B&B on Lake Ballinger for over 40 years.

Roger Hertrich, Edmonds, commented when he traveled through Europe, he and his wife stayed exclusively in bed and breakfasts, getting off the train and walking to the bed and breakfast. Bed and breakfasts create a feeling of community for the traveler. He relayed an experience in Austria where the owner of the bed and breakfast had a relative in Lynnwood. He viewed bed and breakfasts as an opportunity for tourism; visitors could take the train or ferry and walk to their bed and breakfast. He preferred small bed and breakfasts to limit impacts to neighborhoods and limiting stays to 3-4 days. With regard to non-resident employees, in his experience most bed and breakfasts were run by families. He suggested bed and breakfasts located farther out in an area without restaurants may want the ability to provide dinner. Visitors staying in bed and breakfasts close to town likely would visit local restaurants. With regard to weddings, they can be held at the Senior Center.

Hearing no further comment, Mayor Earling closed the public participation portion of the public hearing.

COUNCILMEMBER BUCKSHNIS MOVED, SECONDED BY COUNCIL PRESIDENT PETERSON, TO APPROVE THE PROPOSED CODE SECTION.

COUNCILMEMBER BUCKSHNIS MOVED, SECONDED BY COUNCIL PRESIDENT PETERSON, TO AMEND THE MOTION TO CHANGE DEVELOPMENT CONDITION C TO READ, THE OWNER OR OPERATOR OF THE BED AND BREAKFAST MUST MAINTAIN FULL-TIME RESIDENCE IN THE HOME.

Councilmember Johnson explained this was discussed by the Planning Board. In her experience, the owner may live in a building adjacent to the B&B. That situation would be allowed under the existing language.

Council President Peterson offered the following friendly amendment which was accepted by Councilmember Buckshnis:

THE OWNER OR OPERATOR OF A BED AND BREAKFAST MUST MAINTAIN FULL-TIME RESIDENCE ON THE PREMISES.

Councilmember Bloom questioned why the Council wanted to require one person maintain full-time residence. She preferred to be more flexible.

Councilmember Buckshnis explained a full-time resident would prevent theft and would be present in the event of an emergency.

Councilmember Petso commented it was absolutely essential if B&Bs were located in residential neighborhoods that the owner or operator live on the premises and experience whatever their guests do. She did not want the owner or operator of a B&B to cook the guests breakfast and go home and let the guests run wild the rest of the time.

Councilmember Bloom assumed someone operating a B&B would have someone on site at all times. She questioned why permanent residence by an operator or owner would be required. She suggested language that requires a responsible party be available at all times.

THE VOTE ON THE AMENDMENT CARRIED (5-2), COUNCILMEMBERS BLOOM AND JOHNSON VOTING NO.

COUNCILMEMBER BUCKSHNIS MOVED TO AMEND THE MOTION TO CHANGE DEVELOPMENT CONDITION G TO READ, BREAKFAST IS THE ONLY REQUIRED MEAL. MOTION DIED FOR LACK OF A SECOND.

COUNCILMEMBER FRALEY-MONILLAS MOVED, SECONDED BY COUNCIL PRESIDENT PETERSON, TO AMEND DEVELOPMENT CONDITION G TO READ, ~~"BREAKFAST IS THE ONLY MEALS THAT MAY BE SERVED TO PAYING B&B GUESTS."~~ AMENDMENT CARRIED (6-1), COUNCILMEMBER PETSO VOTING NO.

COUNCILMEMBER PETSO MOVED, SECONDED BY COUNCILMEMBER BUCKSHNIS, TO AMEND THE MOTION TO LIMIT A BED AND BREAKFAST TO A MAXIMUM OF ONE NON-RESIDENT EMPLOYEE.

Council President Peterson did not support the amendment as a B&B may have two part-time employees rather than one full-time employee. He assumed the intent was not to have multiple employees on site at the same time.

Councilmember Johnson commented the home occupation code assumes an employee would be working at the business eight hours/day. In a B&B, there may be someone that comes in for two hours to cook breakfast and someone else that comes in for two hours to make beds. It may be appropriate to have one employee at a time but the owner/operator may not be able to find someone that will cook and make beds.

Councilmember Fraley-Monillas suggested that referencing the home occupation code regarding parking would address the number of vehicles. She anticipated a B&B would have more than one employee and preferred to allow that flexibility. She acknowledged Councilmember Petso's concern with parking.

Councilmember Bloom agreed with Councilmember Fraley-Monillas.

Councilmember Petso explained her intent is not to prevent a B&B owner or operator from contracting for services like a homeowner does. The intent of the amendment was to make the B&B ordinance consistent with the home occupation ordinance which limits non-resident employees in a residential area to one. She agreed there would not be a need to limit the number of employees employed by a B&B in a downtown zone. She emphasized some B&Bs would be located in neighborhoods; that was her motivation for making them consistent with the home occupation ordinance. Councilmember Petso restated the motion as follows:

A BED AND BREAKFAST IN A RESIDENTIAL ZONE SHALL BE LIMITED TO THE EQUIVALENT OF ONE NON-RESIDENT EMPLOYEE. UPON ROLL CALL, AMENDMENT FAILED (2-5), COUNCILMEMBERS BUCKSHNIS AND PETSO VOTING YES; AND COUNCIL PRESIDENT PETERSON AND COUNCILMEMBERS JOHNSON, BLOOM, YAMAMOTO AND FRALEY-MONILLAS VOTING NO.

COUNCILMEMBER PETSO MOVED, SECONDED BY COUNCILMEMBER FRALEY-MONILLAS, TO AMEND THE MOTION TO REQUIRE BED AND BREAKFASTS LOCATED IN A RESIDENTIAL AREA TO PROVIDE ONSITE PARKING FOR THREE VEHICLES.

At Councilmember Fraley-Monillas' request, Councilmember Petso explained the intent of this amendment was to be consistent with the home occupation ordinance that requires onsite parking for three vehicles for customers or employees.

Councilmember Fraley-Monillas asked if the three parking spaces would be for employees and guests of the B&B but not the homeowner. Councilmember Petso answered the home occupation ordinance required three total parking spaces. Councilmember Fraley-Monillas summarized her understanding that three parking spaces would only accommodate the owner/operator, one guest and one employee.

COUNCILMEMBER FRALEY-MONILLAS WITHDREW HER SECOND AND THE AMENDMENT DIED FOR LACK OF A SECOND.

COUNCILMEMBER PETSO MOVED, SECONDED BY COUNCILMEMBER FRALEY-MONILLAS, TO AMEND THE MOTION TO STATE THAT A BED AND BREAKFAST LOCATED IN A RESIDENTIAL ZONE ALLOW OFF-SITE PARKING ONLY WITH A CONDITIONAL USE PERMIT.

At Councilmember Fraley-Monillas' request, Councilmember Petso explained the intent of this amendment was to be more consistent with the home occupation ordinance which requires a CUP for off-site parking. Councilmember Fraley-Monillas asked whether she was referring to a downtown parking permit. She explained in some areas, a resident or visitor parking permit was required to use off-street parking. Councilmember Petso answered no and provided the hypothetical situation where the house next door is renting out rooms and the location in the cul-de-sac does not have convenient on-street parking,

the B&B should be required to obtain a CUP that identifies the location of the on-street parking. She anticipated some homes would not have suitable on-street parking for B&B guests.

COUNCILMEMBER FRALEY-MONILLAS WITHDREW HER SECOND AND THE AMENDMENT DIED FOR LACK OF A SECOND.

Councilmember Fraley-Monillas preferred to revisit the B&B regulations in a year and determine whether any changes are needed. She was concerned that too many stipulations would prohibit residents from opening a B&B.

If the Council revisited the B&B regulations in a year because a problem arose with a B&B, Councilmember Petso asked whether the use would be grandfathered or subject to changes in the regulations. Mr. Clugston answered all property uses are subject to performance standards. If a resident established a B&B within the next year, the use would be vested and could continue.

Councilmember Petso asked whether she would have any recourse if a next door neighbor opened a B&B with three employees whose cars were always in her way. Mr. Clugston answered she would have the same recourse she has today with regard to a car blocking her access such as contacting the police.

THE VOTE ON THE MAIN MOTION AS AMENDED CARRIED (6-1), COUNCILMEMBER PETSO VOTING NO.

10. AUDIENCE COMMENTS

Marsha Fisher, Edmonds, commended the City on the new park at Old Milltown. She suggested having a display and holiday music similar to Bellevue's Snowflake Lane in the park. She suggested the City raise funds and pledged that her family would provide the first donation.

Alvin Rutledge, Edmonds, relayed that four trees were cut at 18704 94th Avenue West and no fines were levied. Next, he reported the car show at Top Foods to benefit the Edmonds Food Bank was very successful; a report on funds raised will be available next week.

Tom Sawtell, Edmonds, expressed his opposition to the Talbot Road storm drain improvement project. He provided the following points:

- 1) Although he was critical of the handling of the fish survey and sent a letter to the Council, he wants to donate a fish holding box. The box is a way to resuscitate fish after being shocked.
- 2) He apologized to the Council, the Mayor, stakeholders and Laura Spehar for being overly aggressive in his handling of a meeting regarding the project.
- 3) In addition to the 29 points he submitted in his brief to the Council, he opposes the project because the original project in the Comprehensive Plan discharged to Perrinville Creek. The project was then changed to discharge directed to Browns Bay. As a result, the public did not have an opportunity to comment on the revised project.
- 4) He favored delaying the project for a year, taking further public comment, and involving the ecology department to review impacts on the wetlands and Browns Bay.

Robert Bernhoft, Edmonds, strongly objected to the Talbot Road storm drain improvement project and did not see any improvement as a result of the project. He relayed information provided to him by Mrs. Ohanley the property owner at 8229 Talbot Road in an email that was also sent to the Council. Ms. Ohanley requested the project contract not be approved and that the project be delayed for a year as she believes the project will create new and very harmful impacts to the marine life on her tidal property. She also has concerns with human safety and terms of the easement. Mr. Bernhoft relayed that both he and Ms. Ohanley were resolute that the facts clearly support her concerns and request to delay the project.

With regard to the letter from Edmonds Backyard Wildlife regarding the project, they disagreed with the findings in the letter, specifically that Ms. Spehar found no significant evidence that the proposed project will harm fish and wildlife. He requested the project be reevaluated and given another year of thought.

Laura Spehar, Edmonds, a property owner along Perrinville Creek, the lead of the Friends of Perrinville Creek Streamkeepers for the Northwest Adopt a Stream Foundation, and the team lead for the Edmonds Wildlife Habitat project, expressed support for City staff's proposed storm drainage improvement project. She supported the project because after much exhaustive research with Washington Department of Fish and Wildlife, Department of Ecology, Northwest Stream Center Foundation, NOAA, and the City's Public Works Department, she had found no reason to postpone or cancel the project. She suggested in order to meet various habitat and stormwater restorative needs along Perrinville Creek that have recently been brought to the Council's attention, the Council add Perrinville Creek projects to the CIP and fund those projects with stormwater utility funds and/or other available funds. She also provided written comments.

Roger Hertrich, Edmonds, referred to tapes of an Architectural Design Board (ADB) meeting regarding Old Milltown. The minutes of the meeting have been "washed" and the only way to hear what really happened was to listen to the tapes of the meeting. He recalled former Mayor Haakenson did not reappoint Richard Utt to the ADB at the end of four years due to the public uproar over his performance. Mr. Utt, the Chair of the ADB, had a very negative tone at the meeting and he recalled Mr. Utt stating the ADB was not interested in listening to the public because the ADB served the developer. Although Mr. Utt's credentials are very good, he feared the public would be ignored if Mr. Utt were appointed to the ADB.

Diane Bernhoft, Edmonds, thanked the Council and staff for listening to the residents regarding the Talbot Road storm drain improvement project. She trusted the Council's judgment and trusted that whatever they did would be for the good of the environment and the community.

Beth McKinnon, a resident across the street from the currently permitted Talbot Road storm drain route, asked if the originally permitted route could be used. That route seemed to be the most direct, least expensive and requires an easement on the property most affected and that was the impetus for this project.

11. EDMONDS ARTS COMMISSION ANNUAL REPORT

Cultural Services Manager Frances Chapin introduced Edmonds Arts Commission Chair Joanne Otness. Ms. Otness explained the Arts Commission is a group of seven volunteer members who work with the Cultural Services Division on various projects. The Commission has existed since 1975 with the ongoing mission to promote the arts as a part of the central identity of Edmonds and as an integral part of the quality of life and the economy of the City.

Ms. Otness reported 2011 was a successful year. The Arts Commission contributes to cultural tourism in a number of ways. For example for the past 26 years the Arts Commission has presented the Write on the Sound Conference, promoting literary arts with a variety of workshops. The 2½ day event in October brings in local residents as well as attendees from all over the country. In 2011 the conference sold out with 200 participants who generated about 50 hotel night stays as well as local restaurants and shopping opportunities.

The Arts Commission facilitates the tourism promotional awards; in 2011 \$8500 from the Lodging Tax Fund was awarded to local non-profit organizations including the Olympic Ballet, the Cascade Symphony Orchestra, Driftwood Players, Edmonds Art Studio Tour, and SnoKing Community Chorale.

Visual, performing and literary arts projects enhance the quality of life in Edmonds. A popular program is the free summer concerts in the park series. An average of 400 people enjoy the family-friendly concerts, drawing out of town guests as well as local residents. This weekend's performance is Shakespeare's Twelfth Night.

The Arts Commission handles the rotating exhibits in the Edmonds Library and Frances Anderson Center. The Commission was involved in planning the recently opened Hazel Miller Plaza and the future SR 99 enhancements. As mandated by the Council, the Commission oversees acquisition and upkeep of publicly owned artwork. The City's collection includes over 150 original pieces with 30 permanently sited pieces such as the Cedar Dreams Fountain. Another recent project was the art-enhanced flower basket poles. These are partially funded by donations and intended as an opportunity for honoring or commemorating someone.

With regard to arts education, last year the Arts Commission co-sponsored five workshop sessions at College Place Middle School with guest poet Daemond Arrindell. The Commission hosts a Best Book Poster Contest for third grade students. Education is supported by scholarships to local students. The Commission also organized the Essentially Edmonds Photo Contest in 2011. The Commission has a limited budget but the community supports the arts through volunteers, grants and community partnerships. She thanked the Edmonds Arts Foundation, Edmonds Library, Friends of the Edmonds Library, Edmonds School District, and Edmonds Community College. Concerts in the Park are sponsored by Lynnwood Honda and Acura of Lynnwood. Windermere Edmonds and Royal Bank Wealth Management sponsor Write on the Sound. A variety of other local businesses also provide support.

Ms. Otness thanked the City Council and the Edmonds community for their continued support of arts and culture as an important component in the economic vitality and identity of Edmonds.

Councilmember Yamamoto reported he was the host at the recent Concert in the Park where a Brazilian group performed. Even with the rain, a lot of people attended. He encouraged the public to come to future concerts.

Ms. Chapin identified two Arts Commissioners in the audience, Todd Timmcke and Lois Rathvon.

Mayor Earling commented he has had the satisfaction of seeing the work of the Arts Commission grow over the years. They have broadened their scope to include various art forms that enrich the community. He thanked the Commissioners for their work and Ms. Chapin for her leadership.

12. CONFIRMATION OF APPOINTMENT OF RICHARD UTT TO THE ARCHITECTURAL DESIGN BOARD.

Mayor Earling reported he had an opportunity to interview two applicants. Mr. Utt is highly qualified. He is familiar with the conflict that existed at one time but due to his credentials and his attitude toward working with the community, Mayor Earling was pleased to recommend Mr. Utt's appointment to the Architectural Design Board (ADB).

COUNCIL PRESIDENT PETERSON MOVED, SECONDED BY COUNCILMEMBER YAMAMOTO, TO CONFIRM THE MAYOR'S APPOINTMENT OF RICHARD UTT TO THE ARCHITECTURAL DESIGN BOARD.

Councilmember Fraley-Monillas asked how many people applied. Mayor Earling answered there was one other applicant. Councilmember Fraley-Monillas asked whether the Council was provided that application. Mayor Earling answered no, the process is for him to review applications, conduct interviews

and make a recommendation to the Council. The other applicant had some credentials but he felt Mr. Utt was the best choice for appointment to the ADB.

Councilmember Bloom explained she had questions about Mr. Utt. She reviewed minutes, listened to citizen input and also met with Mr. Utt. She was very impressed with Mr. Utt and felt all her concerns had been addressed. She supported his appointment to the ADB.

UPON ROLL CALL, VOTE ON THE MOTION TIED (3-3-1), COUNCIL PRESIDENT PETERSON AND COUNCILMEMBERS BLOOM AND YAMAMOTO VOTING YES, COUNCILMEMBERS BUCKSHNIS, FRALEY-MONILLAS, AND PETSO VOTING NO, AND COUNCILMEMBER JOHNSON ABSTAINING.

MAYOR EARLING VOTED YES AND THE MOTION CARRIED.

13. METROPOLITAN PARK DISTRICT EXPLORATORY COMMITTEE RECOMMENDATION.

Councilmember Yamamoto explained in March 2012 the City Council received a presentation on the formation of a Metropolitan Park District (MPD). The Council requested the Finance Committee work with staff to formulate a plan to explore a MPD. Councilmember Buckshnis and he took a lead role along with Parks & Recreation Director Carrie Hite and Finance Director Shawn Hunstock. They invited all interested community members to serve on the exploratory committee. The first meeting was attended by over 40 people. Two meetings were held in May and one in June and presentations were made to the Rotary Club, Exchange Club and Senior Center Board. Information was also provided to the media.

The exploratory committee recommends the City Council consider placing an MPD on a future ballot for an Edmonds only service area, and governed by the City Council. The committee also recommends that they continue to explore this and return to the Council with a recommendation on the timing and level of a ballot measure. The committee thought it was too soon to put it on the November ballot.

Council President Peterson thanked Councilmembers Yamamoto and Buckshnis, staff and citizens. He remarked on how quickly this idea gained traction in the community, evidence of the hard work that went into the exploration of an MPD. He requested the committee continue to explore this and return to the Council with a recommendation on the timing and level of a ballot measure.

14. REPORT ON BIDS OPENED JUNE 7, 2012 FOR THE TALBOT ROAD STORM DRAIN IMPROVEMENTS PROJECT AND AWARD OF CONTRACT TO KAMINS CONSTRUCTION IN THE AMOUNT OF \$317,178.62.

Mayor Earling advised the Council received a letter from Mr. Bernhoft today. The City also received two petitions signed by several people, one entitled Dear Friends of Talbot Park and Perrinville Creek and the second entitled Stop This Project. The Council also received a communication from Ms. Spehar today.

Public Works Director Phil Williams explained it was not his intent to make another presentation regarding this project; the Council has discussed it at length on two previous occasions. Stormwater Engineering Program Manager Jerry Shuster, City Engineer Rob English and he are present to answer questions.

Councilmember Buckshnis thanked Mr. Williams for the extensive, understandable email he provided the Council earlier today and requested it be included as a part of the record. Mr. Williams advised it was a joint effort by Mr. Shuster, Mike Delila, Mr. English and himself.

Councilmember Buckshnis asked whether the Stormwater Comprehensive Plan indicated the discharge would be to Perrinville Creek rather than Browns Bay. Mr. Williams explained the original concept was a

different route than the current proposal. The original route would have crossed the Robinson property and entered at the very lower end of Perrinville Creek, then leaving private property and onto BNSF property and through the culvert. The City was unable to proceed with that alignment because the easement was not available and is still not available. That route was more expensive but that was not why it was rejected.

For Councilmember Buckshnis, Mr. Williams explained all the outfall ends up in Browns Bay and Puget Sound whether it is first blended with the flow in Perrinville Creek before entering the culvert and into Browns Bay or via the proposed project in a stormwater pipe to the diversion box, meeting up with the existing stormwater outfall line and then flowing into Browns Bay. Councilmember Buckshnis summarized it was her understanding there was no change. Mr. Williams agreed there was no change in the ultimate destination of the water.

Councilmember Petso referred to a citizen's inquiry whether the originally permitted route could be used. She asked if that route could be used if an easement were condemned. Mr. Williams answered staff considered whether condemnation would be available. In staff's view condemnation is very difficult if there is any other alternative that can meet the needs. In this case the City has another very viable alternative, the proposed project. In his opinion it would be difficult to condemn private property when there is a readily available alternative.

Councilmember Petso asked whether the City could condemn if the environmental impact of one route was different than the other or was mitigation required instead of condemnation. City Attorney Sharon Cates answered the primary aspects of condemnation is that there is a public use and necessity for the required easement. It could be argued that the environmental impact was such that it would be preferable to condemn the private property.

Councilmember Petso asked if a public hearing had been held on the project since it was changed from the original plans. Mr. Williams answered the project has been included in the Stormwater Capital Improvement Program and that entire document including this project and other projects for the Perrinville Creek drainage have been the subject of public testimony. Councilmember Petso asked whether the Stormwater CIP included the map of the pipe location or only a matrix with the project name. Mr. Williams answered the original project, across the Robinson property, was in the CIP and included a picture of that alignment and a description of the project benefits. When it became necessary to change the alignment, staff put out new announcements to the public in December 2011 and information was made available to the neighborhood.

Councilmember Petso asked about the relationship between this project and project 15, which she understood has also changed. Mr. Williams answered they are mutually independent projects; neither project depends on or prevents the other. Project 15 in the CIP originally anticipated building a very large diameter diversion pipe, beginning in the vicinity of the post office in Perrinville and taking a large amount of high flow storm events directly into Puget Sound to prevent flash storm flows in the Perrinville Creek drainage basin that erode the channel. Project 15 was changed to broaden the alternatives to include a project that would address the hydraulic problem in Perrinville Creek. A diversion pipe would be one way but there are other ways such as upstream detention to blunt peak flows that cause water quality and habitat problems in the upper and middle Perrinville Creek drainage channel.

Councilmember Petso asked whether the original concept of a pipe straight to the splitter box was still one of the possibilities. Mr. Williams answered not really because the pipe in the proposed project would be connected to the splitter box. Project 15 has not yet been designed; it is only a concept at this time.

Councilmember Petso commented the ultimate designation of water in the current pipe, which is partially street runoff and partially spring water, will be Browns Bay. Her understanding was in the first plan water

would be dumped in the creek and mitigation would occur on Perrinville Creek; under the new plan, the water is dumped straight into Browns Bay and mitigation still occurs on Perrinville Creek. Mr. Williams agreed.

Councilmember Bloom referred to Mr. Sawtell's assertion that citizens have not had an opportunity to comment on the changed project. She asked whether a change in the Comprehensive Plan required a public hearing. Ms. Cate answered the Planning Board is required to hold at least one public hearing on an amendment, extension or addition to the Comprehensive Plan. She was uncertain when the proposed change rose to the level of an amendment, extension or addition to the Comprehensive Plan. Mr. Williams answered staff redid SEPA as a result of changing the project alignment. Neither the goals nor the basic concept for the project changed; the alignment changed and different properties were involved. The revised SEPA was advertised and a public comment period occurred in December 2011.

Councilmember Bloom asked whether that was related to this project. Mr. Williams answered yes, the original project went across the Robinson property; when that was not available, the new alignment was identified and the SEPA was redone and advertised. Councilmember Bloom asked whether a public hearing was held. Mr. Williams answered no; citizens had an opportunity to provide comment during the public comment period. Councilmember Bloom asked whether a public hearing was required when a change of that nature occurred. Mr. Williams answered no; individual hearings are not required for any of the projects on the CIP. A public hearing is held on the entire list. He acknowledged the alignment changed but it was not felt to be significant enough to hold a public hearing. SEPA addressed how the changes would positively and negatively impact the environment. Ms. Cates explained it did not appear to rise to the level that a public hearing would be required by statute.

Councilmember Fraley-Monillas observed under the Robinson alignment, water would discharge in to the bottom of Perrinville Creek. She asked whether the discharge is straight into Browns Bay under the new project. Mr. Williams agreed water comes into the diversion box, runs underneath, hooks up with the existing pipe and runs under the railroad tracks and onto the beach. Councilmember Fraley-Monillas observed the new route actually has less interaction with Perrinville Creek. Mr. Williams agreed, it does not affect Perrinville Creek because it does not discharge to the creek.

Councilmember Fraley-Monillas recalled concern expressed by the Bernhofts and Mr. Sawtell regarding a tide gate to prevent fish from swimming up the stormwater outlet. She asked if tide gates had been considered. Mr. Williams answered they had been discussed in the past two weeks but further study would be required to determine their feasibility. Staff's recommendation is to award the contract as well as inspect the 42 in diameter steel pipe under the BNSF tracks, approach BNSF about inspecting the 36 inch concrete culvert under the tracks and investigate the feasibility of installing a tide gate on the existing 42 in diameter steel pipe under the BNSF tracks. Staff also proposes to include a project in the Stormwater CIP in the 2013 budget cycle to do a hydraulic study of Perrinville Creek basin to analyze opportunities to flatten peak flows. The nature of flows in Perrinville Creek is the biggest problem in this basin. Other projects will have limited benefit until the hydraulic problem in the stream is addressed.

Councilmember Fraley-Monillas asked whether the CIP includes future projects on Perrinville Creek. Mr. Williams explained there are three projects in the CIP that address Perrinville Creek: this project, Talbot Road culvert replacement project, and project 15.

Councilmember Fraley-Monillas asked whether there was a CIP project to remove the diversion box. Mr. Williams answered that is not currently included in the CIP. The diversion box provides a useful service. He explained it is not an ideal situation and it is not particularly fish friendly but there are no plans to remove it until there is another method to protect downstream property owners from flooding. The diversion box does not work well now because until recently staff was not able to maintain it properly. Maintenance will be much easier in the future.

COUNCIL PRESIDENT PETERSON MOVED, SECONDED BY COUNCILMEMBER YAMAMOTO, TO AWARD THE CONTRACT TO KAMINS CONSTRUCTION IN THE AMOUNT OF \$317,178.62 FOR THE TALBOT ROAD STORM DRAIN IMPROVEMENT PROJECT WITH THE FOLLOWING STIPULATIONS: CITY STAFF INSPECT THE 42 INCH DIAMETER STEEL PIPE UNDER THE BNSF TRACKS, CITY APPROACH BNSF ABOUT INSPECTING THE 36 INCH CONCRETE CULVERT UNDER THE TRACKS AND CITY STAFF INVESTIGATE THE FEASIBILITY OF INSTALLING A TIDE GATE ON THE EXISTING 42 INCH DIAMETER STEEL PIPE UNDER THE BNSF TRACKS.

Councilmember Johnson identified three additional issues that have not been discussed:

- 1) Water quality – a suggestion by Laura Spehar to include sand traps or other devices to clean the water prior to discharge into Browns Bay. There is concern with regard to water quality and the Black Brant.
- 2) The Bernhofts' question regarding the outfall and whether hardening the beach at the outfall location was a possibility.
- 3) Ms. Spehar's suggestion for a culvert monitoring device to monitor the storm drainage and Perrinville Creek.

With regard to treatment of stormwater prior to discharge, Mr. Williams agreed there were some approaches that could be taken to accomplish that. There is a capital cost and more significantly long term operations and maintenance costs. The City is already facing a sizable responsibility to maintain the diversion box. If one had to pick a discrete area where stormwater is generated and discharged in the City, this is probably the best one in terms of a stormwater drainage basin. It is 126 acres and is part of the 900 acre Perrinville Creek basin, 54 acres is County park, second growth forest and much of the rest lightly developed. The Creek also carries a lot of clean groundwater from the area of Fredrick Road. All those things combined keep the stormwater very diluted and clean compared to stormwater in many other places in Edmonds. Although he appreciated the concern with stormwater quality, in this case it is already fairly high quality. He acknowledged there may be benefit to further treatment and if the Council desires, staff could investigate those strategies and costs. He estimated installing devices in three catch basins would have a capital cost of \$20,000-\$25,000 and \$3,000-\$5,000/year in maintenance operation. He suggested it only be done if it would provide a commensurate benefit.

With regard to hardening the beach, Mr. Williams explained he was not opposed to it but the regulatory agencies are opposed to it. In this case the City is being asked to reestablish the larger rocks that used to be at the point where the stormwater outfall discharges onto the beach and prevent sand erosion that creates a plunge pool. After high flow events the sand is eroded at the end of the pipe but after a number of tide cycles, the pool fills in until the next large storm event. Most regulatory agencies prefer to have that occur rather than hardening a particular location. When a location is hardened, erosion tends to occur on either side, creating other unintended consequences. He has not yet asked the regulatory agency whether hardening the beach would be permitted.

With regard to culvert monitoring, Mr. Williams answered there were many strategies for monitoring, such as recording flow levels, levels during events, etc.

Mayor Earling suggested staff research the three issues Councilmember Johnson raised and report to the Council at a future meeting which would allow the project contract to move forward. Councilmember Johnson was agreeable to that suggestion and clarified these were not her issues but issues the community has raised.

Councilmember Petso said she will vote against the main motion; if a majority of the Council voted against the motion, she suggested asking staff to somehow keep the residence that floods dry next winter, to schedule a public hearing, and consider options over the next year including condemnation to utilize

the original route. She was hopeful the cost to rebid this project would not be significant and that it could be constructed next year during the fish window, noting the City's permit would still be valid. Her primary concern was she has been told there are environmental concerns with the new discharge directly to Browns Bay rather than to Perrinville Creek as well as potential loss in not discharging to Perrinville Creek. Although staff informed Council that a new SEPA was done, she has not seen it. If the changes were significant enough to require a new SEPA, they probably are significant enough to hold another public hearing. Given the level of interest she preferred to delay the project and hold a public hearing. She assured she was not questioning the work done on this project; it was simply the public did not provide input until quite recently. She summarized her request was to delay the project for a year; the cost of doing so seems modest.

Councilmember Buckshnis said she was very impressed with the work everyone has done. The latest email from Mr. Williams changed her earlier opinion. If this project does not proceed she will not get any work done on Perrinville Creek by WRIA 8. There are grant funds available for this watershed. She supported the proposed motion, finding the concerns have been adequately researched.

Councilmember Yamamoto agreed the report from Mr. Williams was very clear and understandable. The purpose of this project is to prevent flooding on a citizen's property. He expressed support for the motion.

Councilmember Fraley-Monillas expressed her appreciation for staff's work. She also appreciated Ms. Spehar's comments regarding this project. She will support the motion and expected staff will alleviate problems and concerns. She urged staff to listen to input from the Bernhofs and Mr. Sawtell.

Councilmember Bloom was impressed with how staff has integrated citizens' input and the amount of time spent on changes to make the project more acceptable to citizens. She referred to an email she received from Mr. Shuster related to project 15 and review of that project this fall that may include greener alternatives to clean water before it reaches Puget Sound. Staff has addressed many of her concerns and she felt the process has been very transparent. She also expressed her appreciation to the citizens for bringing their concerns to the Council.

Councilmember Johnson commented she was not completely satisfied and regretted that the project has been reviewed so intensely for a short period of time when it has been in the Comprehensive Plan and CIP. She did not have a clear understanding of whether it was better to discharge the stormwater into Perrinville Creek or directly into Browns Bay. She was also concerned that the proposed alignment would necessitate a 20-foot hole. She summarized she did not have all the answers to her questions, was uncomfortable with making a decision at this time and preferred to delay the decision for a week.

UPON ROLL CALL, THE VOTE ON THE MOTION CARRIED (4-3), COUNCILMEMBERS YAMAMOTO, FRALEY-MONILLAS, BUCKSHNIS, AND PETERSON VOTING YES; AND COUNCILMEMBERS PETSO, BLOOM AND JOHNSON VOTING NO.

15. REPORT ON BIDS OPENED MAY 22, 2012 FOR THE SR99 INTERNATIONAL DISTRICT ENHANCEMENTS PROJECT AND AWARD OF CONTRACT TO TOTEM ELECTRIC IN THE AMOUNT OF \$277,207.73.

Cultural Services Manager Frances Chapin explained this is an economic development project. It was initiated in 2006 to create a gateway for the International District and enhancements such as illumination, signage and other elements. Total federal funding for this project is \$662,000. A planning process for Highway 99 began in 2004; the Highway 99 Taskforce divided Highway 99 into districts, one of them being the International District. In 2006 the City's streetscape plan included an appendix devoted to creating an identity for the International District, to improve pedestrian safety, enhance visibility and contribute to economic development. The project includes 14 overhead light poles on the east side of

Highway 99, 7 in the center portion have artist-made pedestrian level lights, and banner signage identifying the Edmonds International District. The island on the west side of the street includes a solar lit sculptural element and 8 new pedestrian level lights south of the island.

City Engineer Rob English reported bids were opened on May 22; the City received two bids, the low bid was provided by Totem Electric for \$277,208, approximately 10% under the engineer's estimate. The bidder's qualifications were checked and found to be positive. Staff recommends Council award the bid to Totem Electric.

COUNCILMEMBER BUCKSHNIS MOVED, SECONDED BY COUNCIL PRESIDENT PETERSON, TO ACCEPT THE BID AND AWARD THE CONTRACT TO TOTEM ELECTRIC IN THE AMOUNT OF \$277,207.73. MOTION CARRIED UNANIMOUSLY. (Councilmember Fraley-Monillas was not present for the vote.)

16. 2012 JULY BUDGET AMENDMENT.

Finance Director Shawn Hunstock reviewed the amendment:

- Changes the estimated 2012 beginning fund balance to the actual beginning fund balance. When the 2012 budget was adopted in December 2011, the exact fund balances were unknown. Now that the financial statement audit is complete for fiscal year 2011, the actual fund balances are known.
- A bond sale in late December to refinance all the utility fund bonds occurred after the 2012 budget was adopted. The amendment recognizes the savings to the utility funds as a result of the bond refinancing.
- Historically 25% of the hotel/motel tax has been budgeted as a transfer into the Tourism Promotional Arts Fund 123. Due to new accounting guidelines, the majority of revenue for a fund cannot be a transfer in and if so, it no longer exists as its own fund and is comingled as part of the General Fund. The state auditor recommended instead of a transfer in from the hotel/motel fund, 25% of hotel/motel taxes go directly into the Tourism Promotional Arts Fund.
- The transfer of funds from the Transportation Benefit District (TBD) Fund 631 to the Street Fund has been recorded as an intergovernmental payment. The state auditor recommended those funds be recorded as a transfer rather than an intergovernmental payment.
- Administration and the Finance Committee recommended excess funds in the Local Improvement District Fund be transferred into a new Risk Management Reserve Fund.
- There was previously no ordinance creating the Public Safety Reserve fund, it was created as part of the 2010 year-end budget amendment. This budget amendment includes creation of Public Safety Emergency Reserve Fund 010 and identifies it as reserve fund. (Reserve funds will be addressed in the following agenda item.)

Councilmember Buckshnis thanked Accountant Deb Sharp and Mr. Hunstock. The next agenda item will address a reserve policy.

COUNCILMEMBER BUCKSHNIS MOVED, SECONDED BY COUNCILMEMBER YAMAMOTO, TO APPROVE ORDINANCE NO. 3891, AN ORDINANCE OF THE CITY OF EDMONDS, WASHINGTON, AMENDING ORDINANCE NO. 3886 AS A RESULT OF UNANTICIPATED TRANSFERS AND EXPENDITURES OF VARIOUS FUNDS. MOTION CARRIED UNANIMOUSLY.

17. RESERVE POLICY

Finance Director Shawn Hunstock explained the reserve policy creates a reserve of 16% of total General Fund expenditures. The reserve fund would be titled Contingency Reserve Fund. The policy also creates the Risk Management Reserve Fund with a target of 2%. The 16% target for the Contingency Reserve Fund would be approximately \$5.3 million. The City currently exceeds that by a significant amount; the

December 31, 2011 ending General Fund balance was \$5.7 million, the 010 Reserve Fund contains \$1.3 million and the Emergency Financial Reserve Fund contains \$1.9 million for a total of approximately \$8.9 million which represents 27% of total General Fund expenditures. This policy creates one reserve fund, Contingency Reserve Fund, with a target of 16% and a Risk Management Reserve with a target of 2% or approximately \$660,000.

If the reserve policy is adopted as drafted, the City would have 16% plus 2% in reserves. The recommended practice by the Government Finance Officers Association best practices is a minimum of 16%; a lot of cities target 16-20%. If the reserve policy is approved, a budget amendment would follow moving the \$1.9 million and \$1.3 million into the new Contingency Reserve Fund. He also suggested moving a portion of the \$5.7 million in the General Fund ending fund balance into the Contingency Reserve Fund so that the 16% exists in one location.

Councilmember Petso thanked Mr. Hunstock and Councilmember Buckshnis and Yamamoto for accepting her input on the reserve policies. She observed a 16% minimum plus 2% in the Risk Management Reserve was really an 18% minimum. Mr. Hunstock answered yes, in total. He pointed out the 2% in the Risk Management Reserve Fund would be approximately \$660,000, a small dollar amount for that purpose. There is currently one claim against the City that exceeds that amount. He summarized an 18% combined reserve is a good target.

Councilmember Petso asked whether the policy could be changed if the Council decided a 2% Risk Management Reserve and a 14% Contingency Reserve for a total of 16% was acceptable. Mr. Hunstock answered the policy could be amended at any time.

Councilmember Petso asked whether the amount was sustainable given increases in the General Fund and whether staff had determined a revenue source for the annual increase. Mr. Hunstock answered the Contingency Reserve Fund would receive investment income. In addition, if expenditures are less than budget, 5% of the surplus would be transferred into the Contingency Reserve Fund; that amount in 2011 was \$39,000. The fund would also receive 5% of sales tax from new construction; that amount in 2011 was \$31,000. If those sources are not increasing the funds to the amount necessary, there would likely need to be a budgeted transfer from the General Fund to the Contingency Reserve Fund.

COUNCILMEMBER BUCKSHNIS MOVED, SECONDED BY COUNCILMEMBER YAMAMOTO, TO ADOPT THE PROPOSED RESERVE POLICY. MOTION CARRIED UNANIMOUSLY.

18. RESOLUTION RELATED TO THE SSA MARINE GATEWAY PACIFIC RAIL TERMINAL PROJECT

Mayor Earling explained the proposed resolution was not intended to supersede the resolution the Council adopted in November 2011, but to further describe the community's concerns.

Councilmember Petso expressed her appreciation to Mr. Clifton for cleaning up the resolution.

COUNCIL PRESIDENT PETERSON MOVED, SECONDED BY COUNCILMEMBER YAMAMOTO, TO APPROVE RESOLUTION NO. 1280 EXPRESSING CONCERN ABOUT IMPACTS FROM INCREASED RAIL TRAFFIC IN EDMONDS RESULTING FROM THE PROPOSED SSA MARINE GATEWAY PACIFIC RAIL TERMINAL PROJECT LOCATED IN WHATCOM COUNTY AND REQUESTING THE PRINCIPAL AGENCIES REVIEWING ENVIRONMENTAL IMPACT STATEMENT (EIS) FOR SAID PROJECT, INCLUDING WHATCOM COUNTY, WASHINGTON DEPARTMENT OF ECOLOGY, AND THE UNITED STATES CORPS OF ENGINEERS, STUDY AND IDENTIFY THE IMPACTS TO THE CITY OF EDMONDS, AND THAT AT LEAST ONE OF THE EIS SCOPING HEARINGS BE HELD IN EDMONDS.

Council President Peterson thanked Mayor Earling for his leadership on this resolution. He referred to a coalition of elected officials and other interested individuals that met regarding access to the waterfront due to the large projected increase in rail traffic. This is an opportunity for Edmonds to be a leader on issues that are important to the environment, the City and the region.

MOTION CARRIED UNANIMOUSLY.

19. REPORT ON CITY COUNCIL COMMITTEE MEETINGS OF JULY 10, 2012.

Finance Committee

Councilmember Buckshnis reported staff provided the quarterly fiber project report. A business plan will be created next year. The committee also reviewed the July 2012 budget amendment, discussed a utility penalty waiver (approved on Consent Agenda), discussed the reserve policy, and reviewed the May monthly report (approved on Consent Agenda). Public comment referenced the creation of monthly budgets and having a presentation by WCIA on the City's insurance coverage.

Planning, Parks and Public Works Committee

Councilmember Fraley-Monillas reported a number of items were approved on the Consent Agenda. The committee requested staff present the SR 99 International Enhancements to inform the public regarding that project. Mr. Williams advised the Main Street project is ready to go to bid; award of the bid will be scheduled on a future agenda.

Public Safety and Personnel

Councilmember Bloom reported the committee discussed an ordinance regarding the appointment of student representatives to all boards and commissions which was approved on the Consent Agenda. Boards and commissions can now seek a student representative.

20. MAYOR'S COMMENTS

Mayor Earling appreciated the Council's compliments of staff including in regard to the Talbot Road project. Staff does great work and he is very proud of their efforts. He recognized Mr. Clifton for his assistance with drafting the resolution regarding SSA Marine Gateway Pacific Rail Terminal Project.

Mayor Earling reported he attended a Korean community event at Benaroya Hall where he had an opportunity to talk to members of the Korean business community. They are very excited about the artwork that will be installed as part of the SR 99 International District project.

Mayor Earling expressed appreciation to Councilmembers who were attended the gathering on Thursday regarding concern with waterfront access due to increased train traffic through Edmonds. Over 250 people attended including several legislators, City Councilmembers and the director of the ferry system.

21. COUNCIL COMMENTS

Councilmember Buckshnis thanked everyone who adopted a flower basket; all 133 flower baskets have been adopted. She reported the 2011 Comprehensive Annual Financial Report is now available.

Councilmember Fraley-Monillas praised the Farmers Market, commenting it is a phenomenal place to go. She thanked Ms. Fisher for her suggestion for a holiday lane at Old Milltown this winter and her offer to make a donation.

22. ADJOURN

With no further business, the Council meeting was adjourned at 10:04 p.m.